

~~UNCLASSIFIED~~OCA
INCOMING

07/35/

UNCLASSIFIED

FRP:

STATE

STAT

88 8411723 SUR

PAGE 001
TOR: 311927Z MAR 88NC 8411723
STATE 100666

RR RUEAIIB
ZNR UUUUU ZOC STATE ZZH
RR RUEHC
DE RUEHC #0666 0911455
ZNR UUUUU ZZH
R 311445Z MAR 88 ZEX
FM SECSTATE WASHDC
TO ALL NATO CAPITALS
ALL POLADS COLLECTIVE
INFO RUEHKO/AMEMBASSY TOKYO 0000
BT
UNCLAS STATE 100666

USVIENNA FOR USDEL MBFR

E.O. 12356: N/A

TAGS: MARR, NATO, PARM

SUBJECT: CONGRESSIONAL DOCUMENTS ON ALLIED BURDENSARING

1. THIS MESSAGE TRANSMITS THE TEXT OF AN EXCHANGE OF LETTERS BETWEEN THE SECRETARY OF DEFENSE AND SENATOR JIM SASSER REGARDING BURDENSARING AND BASE RIGHTS ISSUES (PARA 2 BELOW), AND DASD FOR INTERNATIONAL SECURITY POLICY JOHN WOODWORTH'S MARCH 21 STATEMENT TO THE SENATE APPROPRIATIONS SUBCOMMITTEE ON MILITARY CONSTRUCTION (PARA 3 BELOW).

2. SASSER-CARLUCCI EXCHANGE OF LETTERS

BEGIN TEXT OF SASSER-CARLUCCI LETTER, DATED FEBRUARY 23, 1988:

DEAR MR. SECRETARY:

THANK YOU FOR YOUR RECENT LETTER CONCERNING YOUR MISSION TO EUROPE AND THE FUTURE OF THE 401ST TACTICAL FIGHTER WING. I APPRECIATE YOUR KEEPING ME INFORMED OF DEVELOPMENTS ON BASE RIGHTS ISSUES.

I ALSO WANT TO COMMEND YOU FOR YOUR LEADERSHIP AND THE COMMITMENT YOU ARE DEMONSTRATING TO SECURING INCREASED

ALLIED CONTRIBUTIONS TOWARD THE COMMON DEFENSE. I BELIEVE THAT FUTURE STABILITY OF U.S. DEFENSE BUDGETS WILL DEPEND, SUBSTANTIALLY, UPON THE PERCEPTION OF THE AMERICAN PEOPLE THAT OUR ALLIES ARE FAIRLY SHARING OUR COMMON BURDEN.

YESTERDAY, IN A SPEECH ON THE SENATE FLOOR, I BRIEFLY OUTLINED TWO PROPOSALS FOR IMPROVING THE ALLIED SHARE OF DEFENSE SPENDING. FIRST, I RECOMMENDED THAT, PRIOR TO ENTERING CONVENTIONAL ARMS REDUCTIONS TALKS WITH THE SOVIETS, WE SECURE AN AGREEMENT FROM NATO THAT THE UNITED STATES WILL RECEIVE THE GREATEST BENEFIT FROM NEGOTIATED EQUIPMENT AND TROOP CUTS. SECOND, I URGED THE CREATION OF A NEW MULTILATERAL FINANCIAL INSTITUTION WHICH WOULD ASSIST IN PROVIDING ECONOMIC AND SECURITY ASSISTANCE TO COUNTRIES THAT AGREE TO BASE RIGHTS AND ACCESS TO ALLIED MILITARY FORCES.

Sen Sasser
SAC

~~UNCLASSIFIED~~

UNCLASSIFIED

88 8411723

SUR

PAGE 002

TOR: 311927Z MAR 88

NC 8411723

STATE 100666

I HOPE YOU WILL CONSIDER THESE PROPOSALS AS YOU DEVELOP A STRATEGY AND OPTIONS FOR SECURING INCREASED LEVELS OF SPENDING FROM OUR ALLIES. I LOOK FORWARD TO DISCUSSING THE ISSUE OF DEFENSE BURDEN-SHARING WITH YOU IN MORE DETAIL WHEN YOU APPEAR BEFORE THE SENATE BUDGET COMMITTEE NEXT WEEK.

SINCERELY,

/S/ JIM SASSER
SUBCOMMITTEE ON MILITARY CONSTRUCTION

END TEXT OF SASSER-CARLUCCI LETTER

BEGIN TEXT OF CARLUCCI-SASSER LETTER, DATED MARCH 11, 1988

DEAR MR. CHAIRMAN:

THANK YOU FOR YOUR LETTER OF FEBRUARY 23 REGARDING ALLIED CONTRIBUTIONS TO THE COMMON DEFENSE. I WELCOME THE PROPOSALS YOU HAVE ADVANCED, WHICH ARE DESIGNED TO MEET THE CHALLENGES WE FACE IN ENSURING THE CONTINUED STRENGTH AND COHESION OF OUR PRINCIPAL ALLIANCES. AS WE DISCUSSED AT BREAKFAST ON MARCH 3, INNOVATIVE THINKING ON THESE MATTERS IS NEEDED, AND YOUR SUGGESTIONS ARE THOUGHTFUL AND CONSTRUCTIVE CONTRIBUTIONS IN THIS REGARD.

YOUR SUGGESTIONS WILL BE CAREFULLY REVIEWED, BUT I WOULD LIKE TO SHARE SOME OF MY PRELIMINARY THOUGHTS WITH YOU. WITH RESPECT TO CONVENTIONAL ARMS REDUCTION TALKS, WE HAVE MADE CLEAR TO OUR ALLIES, AND THEY AGREE, THAT THE U.S. MUST RECEIVE AN EQUITABLE SHARE OF ANY NATO CUTS THAT MAY

BE NEGOTIATED. I WOULD, HOWEVER, NOTE THAT SEEKING DISPROPORTIONATE U.S. CUTS COULD PROVE UNWISE, SINCE WITHDRAWN U.S. FORCES WOULD BE MORE DIFFICULT TO REPLACE OR RETURN IN A CRISIS THAN INDIGENOUS FORCES. IN ANY CASE, WE ARE SOME WAY OFF FROM DEVELOPING PRECISE NEGOTIATING POSITIONS THAT WOULD SPECIFY AN APPORTIONMENT OF REDUCTIONS BETWEEN THE U.S. AND ITS ALLIES.

THE POSSIBLE CREATION OF A NEW MULTILATERAL INSTITUTION TO HELP WITH SECURITY AND ECONOMIC ASSISTANCE TO COUNTRIES PROVIDING BASE OR ACCESS RIGHTS POSES SOME COMPLEX POLITICAL AND FINANCIAL ISSUES. MY STAFF IS CURRENTLY EXAMINING A VARIETY OF POSSIBLE IDEAS FOR FURTHER STRENGTHENING OUR ALLIANCES. YOU MAY BE ASSURED THAT YOUR IDEAS ARE RECEIVING FULL CONSIDERATION AS WE PROCEED IN OUR EFFORTS TO SECURE ENHANCED ALLIED COOPERATION IN SHARING THE BURDENS OF COLLECTIVE DEFENSE.

THANK YOU AGAIN FOR YOUR INTEREST AND ASSISTANCE. I LOOK FORWARD TO WORKING WITH YOU ON THIS IMPORTANT ISSUE.

SINCERELY,

/S/
FRANK CARLUCCI

END TEXT OF CARLUCCI-SASSER LETTER

BEGIN TEXT OF SASSER-CARLUCCI LETTER, DATED MARCH 15, 1988

DEAR MR. SECRETARY:

I HAVE BEEN VERY ENCOURAGED BY YOUR APPROACH TO THE ISSUE OF ALLIED DEFENSE BURDEN SHARING. I HAVE NOT HESITATED TO PUBLICLY DECLARE MY APPRECIATION AND SUPPORT FOR YOUR

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 003
TOR: 311927Z MAR 88NC 8411723
STATE 100666

EFFORTS.

YESTERDAY, MY SUBCOMMITTEE STAFF DIRECTOR RETURNED FROM AN EXTENSIVE VISIT IN EUROPE TO ASSIST COMMITTEE MEMBERS IN PREPARING FOR NEXT MONDAY'S HEARING ON BASE RIGHTS AND BURDEN SHARING.

I WAS VERY ENCOURAGED WITH THE REPORT I RECEIVED CONCERNING THE POTENTIAL FOR RELOCATING THE 401ST TACTICAL FIGHTER WING. I WAS ESPECIALLY PLEASED THAT THE SIGNS ARE GOOD THAT NATO WILL AGREE TO FUND THE RELOCATION OUT OF THE NATO INFRASTRUCTURE PROGRAM. I REALIZE THAT THE SUCCESS OF THIS EFFORT IS DUE, IN LARGE PART, TO YOUR DILIGENT EFFORTS, AND I COMMEND YOU FOR THAT.

HOWEVER, I WAS DISTURBED TO LEARN THAT ONE SIGNIFICANT INITIATIVE DESIGNED TO STIMULATE INCREASED BURDENSARING FROM OUR ALLIES APPEARS TO BE IN JEOPARDY. I HAVE BEEN PARTICULARLY PLEASED WITH THE INITIATIVE TO CREATE HIGH LEVEL DEFENSE DEPARTMENT-STATE DEPARTMENT TEAMS WHICH WOULD VISIT FOREIGN CAPITALS TO PRESENT SPECIFIC BURDENSARING PROPOSALS FORMALLY TO ALLIED GOVERNMENTS. I FELT THAT THIS APPROACH REPRESENTED A GIANT STEP FORWARD FOR THE ADMINISTRATION, AND ONE THAT COULD YIELD POSITIVE RESULTS.

BRIEFINGS PROVIDED MY STAFF DIRECTOR IN BRUSSELS REVEALED THAT CONSIDERATION IS BEING GIVEN TO NOT IMPLEMENTING THIS PROPOSED EFFORT. INSTEAD, THE BRIEFINGS INDICATED THAT THE EFFORT TO SECURE IMPROVED BURDENSARING PRACTICES WOULD MERELY CONSIST OF U.S. OFFICIALS BRINGING THE ISSUE UP DURING OFFICIAL VISITS OF FOREIGN DIGNITARIES TO WASHINGTON.

I WOULD HOPE THAT SUCH DISCUSSIONS HAVE ALREADY BEEN TAKING PLACE. THEREFORE, I WOULD VIEW SUCH AN EFFORT UNRESPONSIVE TO THE STATUTORY REQUIREMENT OF THE CONGRESS FOR THE DEPARTMENT TO REPORT ON NEW INITIATIVES RELATING TO BURDENSARING. FURTHERMORE, I DO NOT THINK IT APPROPRIATE TO MERELY WAIT FOR ALLIED OFFICIALS TO VISIT WASHINGTON. WE SHOULD TAKE THE INITIATIVE WITH A HIGH LEVEL JOINT DEFENSE-STATE TEAM, WHICH WOULD TAKE SPECIFIC BURDENSARING PROPOSALS DIRECTLY TO OUR ALLIES.

THEREFORE, I URGE YOU TO REAFFIRM THE DEPARTMENT'S SUPPORT TO THOSE IN THE ADMINISTRATION WHO MAY BE OPPOSING SUCH AN IMPORTANT INITIATIVE.

MR. SECRETARY, THOSE OF US WHO ARE FIRM SUPPORTERS OF THE NATO ALLIANCE AND WHO SUPPORT POSITIVE RELATIONS WITH JAPAN FACE A TREMENDOUS CHALLENGE. UNLESS THE AMERICAN PEOPLE CONCLUDE THAT THEIR GOVERNMENT IS MAKING EVERY EFFORT TO SECURE AN IMPROVED BURDENSARING RELATIONSHIP WITH OUR ALLIES, AND THAT OUR ALLIES ARE RESPONDING IN A POSITIVE MANNER, THE PRESSURE WILL MOUNT FOR U.S. TROOP WITHDRAWALS OVERSEAS.

HOWEVER, IT IS MY VIEW THAT SUCH AN OUTCOME IS BY NO MEANS CERTAIN. I AM VERY HOPEFUL THAT YOU WILL BE ABLE TO CONVINCE YOUR COLLEAGUES IN THE ADMINISTRATION OF THE NECESSITY TO INITIATE SINCERE DIPLOMATIC EFFORTS, WITH SPECIFIC PROPOSALS IN HAND, AS SOON AS POSSIBLE.

UNTIL THIS PARTICULAR ISSUE IS RESOLVED, I RESPECTFULLY REQUEST THAT THE DEPARTMENT DELAY THE STATUTORY REPORT ON

BURDEN SHARING INITIATIVES DUE TO BE SUBMITTED TO MY SUBCOMMITTEE.

SINCERELY,

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 004
TOR: 311927Z MAR 88

NC 8411723
STATE 100666

/S/ JIM SASSER, CHAIRMAN
SUBCOMMITTEE ON MILITARY CONSTRUCTION

END TEXT OF SASSER-CARLUCCI LETTER

3. BEGIN TEXT OF STATEMENT BY JOHN A. WOODWORTH, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR EUROPEAN AND NATO POLICY, BEFORE THE MILITARY CONSTRUCTION SUBCOMMITTEE OF THE SENATE APPROPRIATIONS COMMITTEE.

TITLE: "BURDENSARING AND BASE RIGHTS"

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE: I APPRECIATE THE OPPORTUNITY TO APPEAR HERE TODAY TO DISCUSS BURDENSARING AND BASE RIGHTS WITHIN THE NATO ALLIANCE. WE DO INDEED TAKE THESE ISSUES SERIOUSLY AND WE ARE WORKING TO FIND NEW WAYS TO ENHANCE THE SHARING OF ROLES, RISKS, AND BURDENS WITH OUR ALLIES.

THE UNITED STATES IS A GLOBAL POWER AND FACES MANY THREATS TO ITS INTEREST, BUT, AS SECRETARY CARLUCCI RECENTLY NOTED, WE ARE FORTUNATE BECAUSE WE DO NOT HAVE TO DEFEND THESE INTERESTS NOR PURSUE THE CAUSES OF FREEDOM AND WORLD PEACE ALONE: WE DO SO WITH THE COOPERATION AND ASSISTANCE OF OUR MANY FRIENDS AND ALLIES. INDEED, WITHOUT THE ACTIVE SUPPORT OF OUR FRIENDS AND ALLIES WE COULD NOT ADEQUATELY PROTECT OUR INTERESTS, OR WE COULD DO SO ONLY AT FAR GREATER COST AND RISK TO OURSELVES.

THE CONTRIBUTIONS OF OUR FRIENDS AND ALLIES ARE SOMETIMES PERCEIVED AS NEITHER TIMELY NOR SUFFICIENT. I AM NOT HERE TO TELL YOU THAT THIS PERCEPTION IS ENTIRELY UNWARRANTED, ALTHOUGH WE DO FIRMLY BELIEVE THAT OUR ALLIES MAKE A SUBSTANTIAL CONTRIBUTION TO THE COMMON DEFENSE -- CONSIDERABLY MORE THAN IS GENERALLY RECOGNIZED. AT THE SAME TIME, WE AGREE WITH YOU THAT THEY CAN AND SHOULD DO MORE, ESPECIALLY THOSE NATIONS WHOSE PERFORMANCE IS WELL BELOW THE AVERAGE.

OUR ALLIES MUST ACCEPT THEIR FULL SHARE OF THE ROLES, RISKS, AND BURDENS OF THE ALLIANCE. WITHOUT BOTH THE FACT AND PERCEPTION OF AN APPROXIMATE FAIRNESS IN THE DISTRIBUTION OF THE DEFENSE BURDEN AN ALLIANCE OF FREE AND

INDEPENDENT NATIONS, SUCH AS NATO, CANNOT LONG ENDURE. TO ENSURE SUCH A RESULT IS A DIFFICULT TASK. ALLIANCES AND PARTNERSHIPS AMONG SOVEREIGN STATES, EACH WITH UNIQUE INTERESTS AND PERSPECTIVES, ARE DIFFICULT TO MOBILIZE FOR CONCERTED ACTION. BUT WITH VIGOROUS LEADERSHIP ON OUR PART, I AM CONFIDENT THAT WE CAN ACHIEVE A RESULT THAT WILL BE ACCEPTABLE TO ALL INTERESTED PARTIES.

THE DEPARTMENT WORKS CONTINUOUSLY TO IMPROVE AND REFINES THE MEANS WE HAVE AVAILABLE TO US TO MEASURE AND PROMOTE EQUITABLE BURDENSARING. OUR MAJOR ANNUAL REPORT TO CONGRESS ON ALLIED CONTRIBUTIONS TO THE COMMON DEFENSE SHOULD BE FORWARDED SHORTLY. AN UNCLASSIFIED VERSION OF THIS SAME REPORT WILL BE AVAILABLE NEXT MONTH.

THE REPORT DESCRIBES AND ANALYZES A VARIETY OF CRITERIA RELEVANT TO THE BURDENSARING EQUATION, SUCH AS THE PERCENTAGE OF GROSS DOMESTIC PRODUCT THAT A NATION ALLOCATES TO DEFENSE, AND THE NUMBER OF DIVISIONS OR COMBAT AIRCRAFT THAT A NATION PROVIDES AND MAINTAINS FOR THE ALLIANCE. NUMEROUS OTHER QUANTIFIABLE AS WELL AS INTANGIBLE FACTORS ARE ALSO TAKEN INTO ACCOUNT.

WE HAVE LONG RECOGNIZED THAT THE IMPORTANCE ACCORDED TO OUR REPORT DEPENDS ENTIRELY ON THE ACCURACY OF ITS STATISTICS

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 005
TOR: 311927Z MAR 88NC 8411723
STATE 100666

AND THE RIGOR AND OBJECTIVITY OF ITS ANALYSIS. THE SUCCEEDING ANNUAL REPORTS HAVE BEEN SUBJECTED TO REVIEW AND SCRUTINY BY COUNTLESS EXPERTS BOTH WITHIN AND OUTSIDE THE GOVERNMENT, AND WE HAVE BEEN PLEASED WITH THE RECEPTION ACCORDED THE DOCUMENT.

THERE CAN, OF COURSE, BE HONEST DIFFERENCES OF OPINION ABOUT THE RELATIVE IMPORTANCE OF THE VARIOUS CRITERIA THAT HAVE BEEN DEVELOPED. THEREFORE, AN ELEMENT OF JUDGMENT IS INVOLVED IN DRAWING CONCLUSIONS ABOUT BURDENSARING PERFORMANCE. HOWEVER, OVER THE YEARS WE HAVE SOUGHT -- I BELIEVE SUCCESSFULLY -- TO PROVIDE A COMPREHENSIVE, ACCURATE AND OBJECTIVE REPORT ON THIS ADMITTEDLY COMPLEX ISSUE. EVERY EFFORT HAS BEEN MADE TO ENSURE THAT THESE HIGH STANDARDS ARE MAINTAINED IN THE 1988 REPORT TO BE PROVIDED SHORTLY TO THE CONGRESS.

WHILE THE RECORD OF CONTRIBUTION TO THE COMMON DEFENSE PROVIDES MUCH IN WHICH WE CAN TAKE SATISFACTION, WE BELIEVE THAT FOR THE FUTURE, THE ALLIANCE -- INCLUDING THE US -- MUST DO MORE IN ORDER TO ENSURE THE CREDIBILITY OF THE WEST'S SECURITY POSTURE. WE ARE WORKING WITH OUR ALLIES TO INCREASE THEIR INDIVIDUAL AND COLLECTIVE EFFORTS AND TO IMPROVE THE EFFICIENCY OF THE ALLIANCE'S USE OF THE

RESOURCES AVAILABLE TO IT.

WHILE REAL GROWTH IN US DEFENSE SPENDING SIGNIFICANTLY EXCEEDED THE AVERAGE GROWTH RATE OF NON-US NATO DEFENSE SPENDING DURING THE 1981-1986 PERIOD, ESTIMATED FIGURES FOR 1987-1988 SHOW THAT PATTERN IS NOW REVERSED. US REAL DEFENSE EXPENDITURES ARE NOW DECLINING WHILE MANY OF OUR ALLIES SHOW DEFENSE BUDGETS THAT ARE GROWING AT LEAST MODESTLY. THIS WAS ALSO TRUE DURING THE DECADE OF THE SEVENTIES WHEN US SPENDING DECLINED BY 13.6 PERCENT, WHILE THAT OF OUR ALLIES INCREASED BY 20.3 PERCENT. FOR 1987, SEVERAL OF OUR NATO ALLIES ESTIMATED DEFENSE SPENDING INCREASES OF ABOUT THREE PERCENT OR MORE, THEREBY MEETING THE NATO GOAL (GREECE, ITALY, LUXEMBOURG, NORWAY, SPAIN, AND TURKEY). THE UNITED STATES INCREASE FOR 1987 WAS ONLY 0.1 PERCENT AND IN 1988 WILL SHOW A DECLINE OF ABOUT 3.2-3.4 PERCENT.

THERE ARE OTHER FACTORS THAT MUST BE CONSIDERED IN ANY COMPARISON OR ANALYSIS. FOR EXAMPLE, THE MAJORITY OF NATO COMMITTED MILITARY MANPOWER IS PROVIDED BY THE EUROPEANS. STANDING NON-US NATO FORCES ARE OVER FOUR MILLION STRONG WHILE UNITED STATES FORCES NUMBER SOMEWHAT OVER TWO MILLION. WHEN MOBILIZED STRENGTH IS INCLUDED, THE NON-US NATO ALLIES OUTNUMBER THE US SEVEN MILLION TO 3.5 MILLION. IN A NATO WAR, 60 PERCENT OF THE GROUND FORCES, OVER HALF OF THE AIR FORCES AND SOME 35 PERCENT OF NAVAL TONNAGE (INCLUDING THE UNITED STATES PACIFIC FLEET BUT EXCLUDING STRATEGIC SUBMARINES) WOULD BE EUROPEAN.

NEITHER CAN WE AVOID THE STARK REALITY OF SOVIET MILITARY FORCE IN EUROPE: 70 PERCENT OF THE USSR'S CONVENTIONAL FORCES ARE AVAILABLE FOR USE AGAINST NATO. THE WARSAW PACT HAS A 2:1 ADVANTAGE OVER NATO IN MAIN BATTLE TANKS. IT HAS A 3:1 ADVANTAGE IN ARTILLERY AND OTHER ARMORED VEHICLES, AND MORE THAN A 3:1 ADVANTAGE IN SURFACE-TO-AIR MISSILES. A KEY OBJECTIVE APPEARS TO BE TO INTIMIDATE WESTERN EUROPEANS THROUGH THEIR FEAR OF WAR, SO THAT THE SOVIET UNION CAN NEUTRALIZE AND DOMINATE THOSE COUNTRIES.

THERE IS THE RISK OF A PREMATURE, IF NOT DANGEROUS, EUPHORIA OVER THE PROSPECTS OF GLASNOST AND THE ALLEGED DEFENSIVE REORIENTATION OF SOVIET FORCES. WE HAVE ALSO BEEN WATCHING WHAT IS BEING SAID ABOUT A SOVIET DOCTRINAL

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 006
TOR: 311927Z MAR 88NC 8411723
STATE 100666

CONCEPT OF "REASONABLE SUFFICIENCY" BY VARIOUS SOVIET LEADERS AND WRITERS. THEY APPEAR TO BE SUGGESTING THAT SUCH A DOCTRINE MIGHT PERMIT SHIFTING SOME RESOURCES FROM THE MILITARY TO THE CIVILIAN SECTOR.

AT THIS POINT IT IS TOO EARLY TO CONCLUDE WHETHER THIS SOVIET DISCUSSION OR DEBATE IS PRIMARILY A PROPAGANDA EFFORT TO PORTRAY THE SOVIET UNION AS PEACEFUL AND DEFENSIVE, OR WHETHER IT PORTENDS POSSIBLE CHANGES IN SOVIET MILITARY FORCE POSTURE, MILITARY INVESTMENT AND SPENDING. CONSEQUENTLY, WE MUST CONTINUE TO LOOK AT THE HARD FACTS:

- SOVIET FORCES ARE OFFENSIVELY ORIENTED AND GENERALLY OUTNUMBER THOSE OF NATO.
- SOVIET MILITARY PLANNING, INSTEAD OF EMPHASIZING DEFENSIVE OPERATIONS, CALLS FOR EARLY AND DECISIVE OFFENSIVE OPERATIONS AND THE SEIZURE OF ENEMY TERRITORY.
- DURING GENERAL SECRETARY GORBACHEV'S FIRST TWO YEARS IN POWER, SOVIET MILITARY SPENDING AND INVESTMENT IN MILITARY FORCES HAVE INCREASED. THE SOVIETS HAVE CONTINUED TO ALLOCATE ABOUT 15-17 PERCENT OF THE GNP TO THE MILITARY, AND MILITARY SPENDING HAS INCREASED ABOUT THREE PERCENT A YEAR.

WE BELIEVE THAT THE INESCAPABLE CONCLUSION IS THAT WE ALL -- US AND ALLIES ALIKE -- MUST MAINTAIN OUR VIGILANCE AND DEFENSE CAPABILITY FOR THE FORESEEABLE FUTURE, AND THAT FURTHER PROGRESS IN ARMS CONTROL WILL DEPEND ON OUR ABILITY TO MAINTAIN A CREDIBLE NUCLEAR AND CONVENTIONAL DEFENSE POSTURE.

WHILE WE REMAIN CONVINCED THAT ALL THE ALLIES SHOULD COMMIT MORE TO DEFENSE, WE ALSO RECOGNIZE THAT WE CAN BUY MORE SECURITY WITH THE FUNDS AVAILABLE. FOR EXAMPLE, GREATER COOPERATION AMONG NATO NATIONS IN ALL ASPECTS OF OUR DEFENSE PROGRAMS -- FROM RESEARCH TO DEVELOPMENT TO PRODUCTION -- HAS GREAT POTENTIAL.

ARMAMENTS COOPERATION, PROPERLY PURSUED, REDUCES WASTEFUL DUPLICATION IN THE USE OF R&D RESOURCES AND INCREASES THE EFFICIENCY OF DEFENSE PRODUCTION THROUGH ECONOMIES OF SCALE. FURTHER, IT GENERATES STANDARDIZED AND INTEROPERABLE EQUIPMENT, AN IMPORTANT GAIN FOR NATIONS THAT WOULD FIGHT ON THE SAME BATTLEFIELD AGAINST A COMMON ENEMY.

THE U.S. CONGRESS HAS TAKEN THE LEAD IN RECENT YEARS THROUGH THE 1985 NUNN AMENDMENT, WHICH AUTHORIZED DOLS. 200 MILLION FOR COOPERATIVE R&D AND DOLS. 50 MILLION FOR COMPARATIVE TEST AND EVALUATION WITH NATO COUNTRIES. MEMORANDA HAVE NOW BEEN SIGNED ON 12 NUNN AMENDMENT-FUNDED PROJECTS, AND OTHERS ARE UNDER CONSIDERATION. OF THE

PROGRAMS WITH SIGNED MEMORANDA, FUNDING SHARES IDENTIFIED SHOW A EUROPEAN COMMITMENT TO FUND TWO-THIRDS OF THE DEVELOPMENT.

THE NATO COMMON FUNDED INFRASTRUCTURE PROGRAM OFFERS ADDITIONAL OPPORTUNITIES TO MAKE BETTER USE OF THE LIMITED FUNDS WE HAVE AVAILABLE AND IS AN IMPORTANT ELEMENT IN THE BURDENSARING EQUATION. THE PROGRAM ALSO PLAYS AN IMPORTANT ROLE IN OUR EFFORT TO NARROW THE CONVENTIONAL CAPABILITIES GAP. THE US CONTRIBUTES SOME 28 PERCENT WHILE OUR NATO ALLIES JOINTLY SHARE THE REMAINING 72 PERCENT OF THE COSTS OF THE PROGRAM. SOME 30-40 PERCENT OF THE FUNDS SUPPORT SPECIFIC US FORCES REQUIREMENTS. AN ADDITIONAL 25-30 PERCENT OF THE PROGRAM PROVIDES FOR JOINT USE OF

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 007
TOR: 311927Z MAR 88NC 8411723
STATE 100666

FACILITIES AND EQUIPMENT THAT CONTRIBUTE TO THE BASIC WAR FIGHTING CAPABILITY OF ALL ALLIED FORCES.

TOTAL FUNDING FOR NATO INFRASTRUCTURE IS NOW REACHING NEARLY DOLS. 1.8 BILLION ANNUALLY. ROUGHLY 90 PERCENT OF THE PROGRAM DIRECTLY SUPPORTS CONVENTIONAL DEFENSE IMPROVEMENTS, SUCH AS PROTECTIVE AIRCRAFT SHELTERS, ESSENTIAL OPERATING FACILITIES AT AIR BASES, MATERIEL STORAGE FACILITIES, PIPELINES, RECEPTION FACILITIES, AND COMMUNICATIONS MODERNIZATION PROGRAMS. OTHER KEY PROJECTS ARE COMING INTO BEING WITH INCREASING FREQUENCY.

WE ARE ALSO STUDYING WAYS THAT WE MIGHT FURTHER EXPAND THE USEFULNESS OF THIS IMPORTANT COMMON-FUNDED PROGRAM. BUT WE DO NOT ADVOCATE COMMON FUNDING OF CERTAIN TYPES OF PROJECTS SUCH AS BARRACKS, DINING HALLS, FAMILY HOUSING, AND OTHER PERSONNEL SUPPORT FACILITIES. THE POTENTIAL COST ASSOCIATED WITH THE PROVISION OF SIMILAR FACILITIES FOR OTHER NATIONS AND WIDE VARIATIONS IN NATIONAL STANDARDS RENDER NATO COMMON FUNDING OF SUCH PROJECTS NOT ONLY IMPRACTICAL, BUT ECONOMICALLY IMPRUDENT. FACILITIES OF THIS TYPE ARE BETTER AND MORE ECONOMICALLY PROVIDED THROUGH U.S. MILITARY CONSTRUCTION PROGRAMS.

FOR THE FISCAL YEAR 1989 AMENDED BUDGET, US FUNDED CONSTRUCTION REQUIREMENTS IN EUROPE AND ICELAND TOTAL DOLS. 1.1 BILLION, INCLUDING DOLS. 502 MILLION FOR THE US CONTRIBUTION TO THE NATO INFRASTRUCTURE PROGRAM.

THE IMPROVEMENT OF WORKING AND LIVING CONDITIONS IN EUROPE CONTINUES TO BE A HIGH PRIORITY GOAL WITH ALMOST ONE-HALF OF THE CONSTRUCTION BUDGET DEVOTED TO THESE PROGRAMS. THE FY 1989 BUDGET REQUESTS DOLS. 92 MILLION FOR PERSONNEL AND COMMUNITY SUPPORT FACILITIES INCLUDING CHILD DEVELOPMENT CENTERS, BARRACKS, DINING HALLS, PHYSICAL FITNESS CENTERS,

AND FAMILY HOUSING. DEPENDENT SCHOOLS ACCOUNT FOR DOLS. 51 MILLION OF THE BUDGET AND DOLS. 95 MILLION IS REQUIRED TO SATISFY US REQUIREMENTS FOR ESSENTIAL MEDICAL AND DENTAL SUPPORT. AN ADDITIONAL DOLS. 54 MILLION IS FOR ESSENTIAL MODERNIZATION AND FACILITY UPGRADE PROJECTS.

THE ARMY HAS BUDGETED DOLS. 44 MILLION TO CONTINUE MODERNIZATION EFFORTS AT VILSECK GERMANY AND SOME DOLS. 51 MILLION FOR FACILITIES TO BEDDOWN THE AH-64 APACHE HELICOPTER BATTALIONS. NATO INFRASTRUCTURE ELIGIBILITY IS BEING REQUESTED FOR THE HELICOPTER FACILITIES; HOWEVER, MILCON FUNDING MUST CONTINUE TO MEET CRITICAL DEPLOYMENT SCHEDULES. FACILITIES CONSTRUCTION TOTALING DOLS. 37 MILLION IS REQUESTED FOR THE ARMY'S COMBAT MANEUVERING TRAINING CENTER AT HOHENFELS GERMANY WHICH WILL PROVIDE CRITICAL ASSESSMENTS OF COMBAT READINESS LEVELS.

THE AIR FORCE CONTINUES TO PROGRAM PROJECTS THAT INCREASE AIRFIELD SURVIVABILITY AND OPERABILITY. PROJECTS FOR ALTERNATE COMBAT RUNWAYS, PASSIVE DEFENSE EQUIPMENT STORAGE, AND THE WEAPONS STORAGE AND SECURITY SYSTEM (WS3) ARE INCLUDED IN THE FY 1989 REQUEST. NATO DECISIONS ON ELIGIBILITY FOR THE WS3 PROGRAMS SHOULD BE KNOWN IN MID-YEAR.

THE NAVY HAD INCLUDED PHASE II OF THE MUCH-NEEDED COMMAND AND CONTROL COMPLEX THAT IS ASSOCIATED WITH THE PROGRAM TO RELOCATE THE NAVAL SUPPORT ACTIVITY OUT OF THE SEISMICALLY DANGEROUS AGNANO CRATER IN NAPLES ITALY. THE FUTURE OF THIS PROGRAM RESTS WITH KEY DECISIONS BY THE HAC MILCON SUBCOMMITTEE. FUNDING IN ICELAND INCLUDES DOLS. 12 MILLION FOR ANOTHER INCREMENT OF FUEL STORAGE THAT IS BEING JOINTLY FUNDED WITH NATO.

UNCLASSIFIED

UNCLASSIFIED

88 8411723

SUR

PAGE 008

NC 8411723

TOR: 311927Z MAR 88

STATE 100666

ALL OF THESE PROGRAMS MAKE IMPORTANT CONTRIBUTIONS TO THE OVERALL EFFECTIVENESS OF US FORCES IN NATO. WE CLEARLY NEED TO CONTINUE TO IMPROVE THE ALLIANCE'S CONVENTIONAL FORCE POSTURE. WITHOUT SEEKING TO MATCH OUR OPPONENTS MAN-FOR-MAN OR TANK-FOR-TANK, WE WANT TO IMPROVE NATO'S CAPABILITIES SO THAT IT IS CLEAR THAT WE WOULD BE ABLE TO FRUSTRATE A MAJOR WARSAW PACT OFFENSIVE WITHOUT THE NECESSITY FOR EARLY RECOURSE TO THE USE OF NUCLEAR WEAPONS.

IN 1985, THE ALLIANCE LAUNCHED A MAJOR INITIATIVE TO IMPROVE CONVENTIONAL DEFENSE, PRIMARILY BY CONCENTRATING ON CERTAIN AGREED CRITICAL DEFICIENCIES AND DESIGNING ACTIVE MEASURES TO CORRECT OR AMELIORATE THOSE DEFICIENCIES. THIS COMMITMENT TO A CONVENTIONAL DEFENSE IMPROVEMENT (CDI) EFFORT HAS NOW BEEN INCORPORATED INTO NATO'S FORCE PLANNING

PROCESS AND SERVES TO FOCUS THE WIDE-RANGING ACTIVITIES OF THE ALLIANCE AND ITS MEMBER NATIONS ON THOSE AREAS MOST NEEDING ATTENTION.

PART OF THE EUROPEAN ALLIES' CONTRIBUTION TO THE CDI EFFORT CONSISTS OF PEACETIME AND WARTIME HOST NATION SUPPORT, WHICH REDUCES THE COST OF THE UNITED STATES OF COMBAT FORCES COMMITTED TO HELP DEFEND NATO. PEACETIME HOST NATION SUPPORT INCLUDES THE JOINT USE OF INSTALLATIONS WHERE THE INFRASTRUCTURE IS PROVIDED BY THE HOST NATION, INCLUDING IMPROVEMENTS TO PORTS, ROADS AND AIRFIELDS IN ANTICIPATION OF WARTIME REQUIREMENTS.

WARTIME HOST NATION SUPPORT TO NATO IS ALSO SUBSTANTIAL. THE ALLIES WILL OPERATE OVER 70 COLLOCATED OPERATING BASES IDENTIFIED TO SUPPORT USAF CONUS-BASED REINFORCEMENTS. GERMANY ALONE PLANS TO PROVIDE 93,000 MILITARY PERSONNEL FOR THE WARTIME HOST NATION SUPPORT OF UNITED STATES FORCES. FURTHER CIVILIAN SUPPORT WILL BE PROVIDED FROM THE GERMAN ECONOMY AND WILL INCLUDE FUNCTIONS SUCH AS THE PROVISION OF TRANSPORTATION, MAINTENANCE, TELECOMMUNICATION SERVICES, FACILITIES, CIVIL LABOR, EXPENDABLE SUPPLIES AND FOODSTUFFS.

ANOTHER EXAMPLE OF INCREASED COOPERATION OF OUR ALLIES IS THE SIGNIFICANT SUPPORT THEY HAVE PROVIDED FOR OUR SUCCESSFUL GULF POLICY. SOME OF OUR NATO ALLIES -- NOTABLY THE UNITED KINGDOM, FRANCE, THE NETHERLANDS, BELGIUM, AND ITALY -- ARE PROVIDING EXTENSIVE NAVAL SUPPORT FOR THESE GULF OPERATIONS, INCLUDING COMBATANTS, MINE SWEEPING ASSETS, AND SUPPORT VESSELS. IN ADDITION, GERMANY AND NORWAY HAVE AUGMENTED THEIR MEDITERRANEAN ASSETS, ALLOWING US GREATER FLEXIBILITY. JAPAN, TOO, IS CONTRIBUTING FUNDS FOR THE INSTALLATION OF A GULF NAVIGATION SYSTEM WHICH WILL ASSIST ALL NATIONS IN THOSE WATERS.

FINALLY, I SHOULD CITE INF AS AN OUTSTANDING EXAMPLE OF ALLIANCE COOPERATION, AND OF SHARING OF RISKS AND BURDENS. THE AGREED DEPLOYMENT OF UNITED STATES PERSHING II AND GROUND-LAUNCHED CRUISE MISSILES UNDERSCORED THE POLITICAL WILL AND DETERMINATION WHICH LED TO THE SUCCESSFUL NEGOTIATION OF THE INF TREATY.

THE TREATY WILL SIGNIFICANTLY REDUCE MILITARY THREATS TO NATO. UNDER ITS PROVISIONS THE SOVIET UNION WILL ELIMINATE FORCES WITH DEPLOYED MISSILES CAPABLE OF DELIVERING OVER 1,600 NUCLEAR WARHEADS. THIS INCLUDES SHORTER-RANGE SOVIET SYSTEMS WHICH ALSO HAVE CONVENTIONAL AND CHEMICAL WARFARE CAPABILITIES. THIS WILL GREATLY REDUCE THE SOVIET UNION'S

ABILITY TO EXECUTE RAPID STRIKES THROUGHOUT EUROPE WITHOUT RESORTING TO STRATEGIC SYSTEMS. IN ADDITION TO RELIEVING

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 009
TOR: 311927Z MAR 88NC 8411723
STATE 100666

PRESSURES ON OUR OWN NUCLEAR FORCES AND ELEMENTS OF THEIR COMMAND AND CONTROL. THIS WILL INCREASE THE SURVIVABILITY OF THE AIRBASES, PORTS, DEPOTS, AND OTHER FACILITIES VITAL TO NATO'S CONVENTIONAL DEFENSES. ALSO, BECAUSE MANY OF THE SOVIET INF MISSILES CAN REACH A LARGE PORTION OF ASIA, THE INF TREATY WILL ENHANCE THE SECURITY OF OUR FRIENDS AND ALLIES IN THAT PART OF THE WORLD.

IN EXPECTATION OF THE RATIFICATION OF THE INF TREATY WE ARE EXAMINING WITH OUR NATO PARTNERS HOW TO MAKE SURE THAT OUR REMAINING THEATER NUCLEAR FORCES ARE RESPONSIVE, SURVIVABLE AND EFFECTIVE. IN SO DOING, WE WILL SEEK TO ENSURE THAT THE BURDEN AND RISK OF NATO'S NUCLEAR DETERRENT REMAINS WIDELY SHARED.

AS NOTED IN OUR REPORT ON SUPPORT OF NATO STRATEGY IN THE 1990'S (PL 100-180, THE BYRD AMENDMENT), THE ALLIANCE STILL FACES THE PRESSING NEED TO REVITALIZE AND STRENGTHEN MILITARY CAPABILITIES IN THE 1990'S, AS WAS THE CASE PRIOR TO THE INF AGREEMENTS. THE NUCLEAR AND CONVENTIONAL MODERNIZATION AND IMPROVEMENT PROGRAMS WHICH NATO HAS UNDER WAY ARE FOUNDED ON CONSISTENT ALLIANCE POLICY DIRECTION AND EXTENSIVE MILITARY PLANNING.

WITH RESPECT TO NUCLEAR FORCES, THESE REQUIREMENTS STEM MOST DIRECTLY FROM NATO'S 1983 DECISION TAKEN BY DEFENSE MINISTERS AT MONTEBELLO TO MODERNIZE NATO'S THEATER NUCLEAR FORCE POSTURE. THE PROGRAM CALLS FOR A RANGE OF MEASURES TO ENSURE THAT NATO'S NUCLEAR WEAPONS ARE RESPONSIVE, SURVIVABLE, AND EFFECTIVE.

NATO MUST CONTINUE WITH THE MODERNIZATION OF ITS REMAINING NUCLEAR FORCES. PROGRAMS WHICH HAVE HIGH PRIORITY INCLUDE: DEVELOPMENT OF A DUAL-CAPABLE (NUCLEAR-CONVENTIONAL) LONGER RANGE FOLLOW-ON TO THE LANCE SURFACE-TO-SURFACE MISSILE SYSTEM; DEVELOPMENT OF A TACTICAL STAND-OFF AIR-TO-SURFACE MISSILE (TASM); MODERNIZATION OF NUCLEAR ARTILLERY PROJECTILES, DUAL-CAPABLE AIRCRAFT, AND NUCLEAR BOMBS; AND CONTINUED IMPROVEMENT IN NUCLEAR SECURITY AND SURVIVABILITY. NONE OF THESE PROGRAMS ARE CONSTRAINED BY THE INF TREATY BECAUSE THE AGREEMENT DOES NOT LIMIT SYSTEMS WITH RANGES LESS THAN 500 KILOMETERS OR DUAL-CAPABLE AIRCRAFT.

THE NATO NUCLEAR PLANNING GROUP (NPG) IS REVIEWING HOW THE THEATER NUCLEAR FORCES POSTURE MIGHT BE FURTHER ADJUSTED IN LIGHT OF THE SECURITY SITUATION FOLLOWING IMPLEMENTATION OF

THE INF AGREEMENT. WE ARE CONSULTING WITH OUR ALLIES IN THE NPG AND WILL ADDRESS SUCH ADJUSTMENTS, WHICH REINFORCE STABILITY AND NATO'S FORCE IMPROVEMENT PROGRAMS.

WITH RESPECT TO CONVENTIONAL FORCES, THE NEED FOR SUBSTANTIAL IMPROVEMENTS WAS WELL ESTABLISHED LONG BEFORE THE SOVIETS RETURNED TO THE INF NEGOTIATING TABLE. AREAS OF CONTINUING NEED COVERED BY THE CDI EFFORT BUT WHICH MAY BE PARTICULARLY RELEVANT TO THE POST-INF SITUATION INCLUDE REINFORCEMENT, FOLLOW-ON FORCES ATTACK (FOFA), AND THE COUNTER-AIR MISSION IN ALL ITS DIMENSIONS. MOREOVER, GIVEN THE MASSIVE SOVIET CHEMICAL ARSENAL, MODERNIZATION OF US RETALIATORY CHEMICAL WEAPONS ALSO IS CRUCIAL TO OUR ABILITY TO DETER AT ANY LEVEL OF CONFLICT. IN ADDITION TO PRESSING AHEAD WITH THESE AND OTHER ONGOING PROGRAMS, WE WILL EXPLORE CERTAIN ADJUSTMENTS TO OUR CONVENTIONAL FORCE STRUCTURE AS WELL AS NEW INITIATIVES FOR STRENGTHENING FLEXIBLE RESPONSE. FOR EXAMPLE, WE WILL VIGOROUSLY PURSUE THE POTENTIAL FOR LONGER RANGE AIR-AND SEA-LAUNCHED CRUISE MISSILES FOR A WIDE RANGE OF MISSIONS.

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 010
TOR: 311927Z MAR 88NC 8411723
STATE 100666

ULTIMATELY, THE STRENGTH OF OUR MILITARY POSTURE WILL DEPEND ON WHETHER NATO NATIONS WILL SUSTAIN THE POLITICAL WILL TO TAKE STEPS NECESSARY TO ENSURE THEIR SECURITY. TO STRENGTHEN OUR SECURITY POSTURE AND TO MAINTAIN THE EFFECTIVENESS OF THE ALLIANCE AS IT ENTERS ITS FIFTH DECADE, NATO POLITICAL AND MILITARY LEADERS WILL HAVE TO WORK HARDER AT NOT LETTING OUR CITIZENS FORGET THE BASIC LESSONS WE HAVE LEARNED ABOUT SOVIET RESPECT FOR STRENGTH AND HOW THEY ARE PREPARED TO EXPLOIT WEAKNESS.

AT THE SAME TIME WE NEED TO FIND NEW WAYS TO ENHANCE THE SHARING OF ROLES, RISKS, AND BURDENS WITH OUR ALLIES. THE PRESIDENT RAISED THIS ISSUE AT THE RECENT NATO SUMMIT IN BRUSSELS, AND WE INTEND TO FOLLOW UP WITH A VIGOROUS EFFORT WITH ALL OF OUR ALLIANCE PARTNERS. WE ARE NOW EXPLORING A NUMBER OF SUBSTANTIVE INITIATIVES AND PROCEDURAL OPTIONS AND WE WILL KEEP THE SUBCOMMITTEE ADVISED AS THE MATTER PROGRESSES.

AS PART OF OUR STRATEGY OF FORWARD DEFENSE, THE US HAS MAINTAINED MILITARY FACILITIES IN VARIOUS STRATEGIC LOCATIONS THROUGHOUT THE WORLD. THE MILITARY INSTALLATIONS WE USE IN NATO'S SOUTHERN REGION CONTRIBUTE DIRECTLY TO OUR ABILITY TO PERFORM OUR ROLES AND MISSIONS. THE FOLLOWING IS A BRIEF SUMMARY OF THE STATUS OF OUR BASE RIGHTS THE SOUTHERN REGION:

SPAIN. THE US MAINTAINS THE FOLLOWING MILITARY FACILITIES

UNDER THE MAY 14, 1983 DEFENSE AND ECONOMIC COOPERATION AGREEMENT THAT EXPIRES IN MAY OF 1988: TORREJON AFB - 401ST TACTICAL FIGHTER WING (79 F-16S), MAC TERMINAL AND 16TH AIR FORCE HEADQUARTERS. ZARAGOSA - USE OF GUNNERY RANGE FOR EUROPEAN-BASED US AIR CREWS AND OPERATIONS FOR KC-135 TANKERS. ROTA - NAVAL FACILITY AND RUNWAY. MORON - STANDBY AIR FACILITY. CURRENT NEGOTIATIONS FOR RENEWAL OF THE 1983 AGREEMENT BEGAN IN JULY OF 1986. A KEY UNRESOLVED ISSUE STEMS FROM THE SPANISH INSISTENCE ON WITHDRAWAL OF THE 401ST TFW FROM TORREJON, TO WHICH WE ACCEDED IN JANUARY. OUR NATO ALLIES CONSIDER IT VERY IMPORTANT THAT THIS VALUABLE MILITARY CAPABILITY REMAIN IN EUROPE, AND WE ARE EXPLORING POSSIBLE WAYS AND MEANS OF DOING THIS, CONSISTENT WITH THE CONDITIONS IMPOSED BY THE CONGRESS. WE ARE HOPEFUL THAT NEGOTIATIONS CAN NOW BE RAPIDLY CONCLUDED FOR THE REMAINDER OF THE FACILITIES.

PORTUGAL. PURSUANT TO THE 1983 BASES AGREEMENT, THE US MAINTAINS AN AIR BASE AT LAJES IN THE AZORES AND INTENDS TO CONSTRUCT A SPACE SURVEILLANCE FACILITY ON THE MAINLAND. UNDER THE TERMS OF THE AGREEMENT, WHICH EXPIRES IN FEBRUARY OF 1991, THE PORTUGUESE CAN ASK FOR A REVIEW OF THE AGREEMENT IN 1988. THE NEW PORTUGUESE GOVERNMENT HAS INDICATED ITS DISSATISFACTION WITH REDUCTIONS IN THE US SECURITY ASSISTANCE PROGRAM THAT WAS CUT FROM DOLS. 125M TO DOLS. 80M IN FY 1987 AND TO DOLS. 82.5M IN FY 1988 AND HAS CALLED FOR "CONSULTATIONS," WHICH WE EXPECT TO BEGIN SOON.

GREECE. THE US MAINTAINS AN AIR FACILITY AT HELLENIKON, A COMMUNICATIONS STATION AT NEA MAKRI, A RECONNAISSANCE OPERATION AT IRAKLION, AND A LOGISITIC SUPPORT FACILITY AT SOUDA BAY. RENEGOTIATION OF THE AGREEMENT, WHICH EXPIRES DECEMBER 31, 1988, BEGAN IN NOVEMBER AND IS CONTINUING. PRIME MINISTER PAPANDREOU HAD INDICATED THAT ONCE AN AGREEMENT IS REACHED, HE INTENDS TO HOLD A REFERENDUM TO GAIN POPULAR APPROVAL.

TURKEY. THE US MAINTAINS AN AIR FACILITY AT INCIRLIK, AND ELSEWHERE IN COUNTRY A LORAN C STATION, COMMUNICATIONS FACILITIES, AND INTELLIGENCE AND SEISMOLOGICAL STATIONS

UNCLASSIFIED

UNCLASSIFIED

88 8411723 SUR

PAGE 011
TOR: 311927Z MAR 88NC 8411723
STATE 100666

 UNDER AN AGREEMENT SIGNED IN MARCH 1987. RATIFICATION OF THE AGREEMENT WAS POSTPONED, HOWEVER, BECAUSE OF ANKARA'S CONCERN WITH LEGISLATION PENDING IN THE U.S. CONGRESS. E.G., ARMENIAN RESOLUTION, 7-10 RATIO APPLIED TO THE SOUTHERN REGION AGREEMENT, RESOLUTIONS ON CYPRUS, AND LIKELY CUTS IN SECURITY ASSISTANCE. THE DECA WAS SUBSEQUENTLY RATIFIED IN FEBRUARY OF THIS YEAR.

WHILE UNDER TERMS OF OUR NEW AGREEMENT SPAIN WILL NO LONGER

BE PROVIDED SECURITY ASSISTANCE, THERE IS NO QUESTION THAT TURKEY, PORTUGAL AND GREECE WILL CONTINUE TO LOOK TO THE US FOR AUGMENTATION OF THEIR OWN SIZEABLE CONTRIBUTIONS TO WESTERN SECURITY - AND AS A GOOD FRIEND AND ALLY, THIS SHOULD SEEM BOTH PROPER AND FAIR TO US. INDEED, THE PROVISION OF NECESSARY AND ADDED SUPPORT TO ENHANCE THE ABILITY OF THESE COUNTRIES TO MEET THEIR NATO ASSIGNED MISSIONS IS DIRECTLY LINKED IN THE MIND OF THEIR OFFICIALS AND PUBLIC OPINION TO THEIR PARTICIPATION IN THE ALLIANCE. RECENT CONGRESSIONAL EMPHASIS ON DEFICIT REDUCTION HAS REQUIRED US TO EXPLORE WAYS TO AUGMENT OUR SECURITY ASSISTANCE TO THESE ALLIES. THE SOUTHERN REGION AMENDMENT (SRA) TO THE DEFENSE AUTHORIZATION ACT FOR FY 87 PERMITTED THE US TO PROVIDE DEFENSE MATERIEL TO GREECE, PORTUGAL AND TURKEY THAT WAS EXCESS TO THE NEEDS OF THE US MILITARY FORCES. TWO TRANCHES OF EQUIPMENT HAVE BEEN OFFERED THESE COUNTRIES TO DATE, AND A THIRD IS BEING PREPARED. WE BELIEVE THAT THE SRA IS PROVIDING A SUBSTANTIAL BOOST TO OUR EFFORTS TO STRENGTHEN SOUTHERN FLANK CONVENTIONAL FORCE CAPABILITIES. HOWEVER, WHILE THIS LEGISLATION CAN SUPPLEMENT OUR PRESENT SUPPORT, IT DOES NOT LESSEN THE NEED FOR ADEQUATE LEVELS OF SECURITY ASSISTANCE.

IT IS ALSO OUR POLICY TO ENCOURAGE THESE THREE ALLIES TO HELP THEMSELVES. WITH THIS IN MIND, WE ARE SEEKING WAYS TO ASSIST THEM IN DEVELOPING THEIR INDIGENOUS DEFENSE INDUSTRIAL BASES SO THAT THEY CAN PARTICIPATE MORE FULLY IN ARMAMENTS COOPERATION AND COPRODUCTION PROGRAMS. WE VIEW SECURITY ASSISTANCE AND ARMS COOPERATION PROGRAMS FOR THE SOUTHERN FLANK COUNTRIES AS GOING HAND-IN-HAND. WHILE SECURITY ASSISTANCE TO OBTAIN EQUIPMENT IS NECESSARY TO STRENGTHEN CURRENT CAPABILITIES TO MEET THE THREAT, ADDITIONAL ASSISTANCE WILL REMAIN NECESSARY TO FOSTER INDIGENOUS CAPABILITIES WHEREVER PRACTICABLE. WE HAVE ALSO ENCOURAGED THE PROVISION OF ASSISTANCE FROM THE OTHER NATO ALLIES AND MANY HAVE AT VARIOUS TIMES RESPONDED WITH PROGRAMS OF THEIR OWN. WE WILL CONTINUE TO CALL FOR SUCH ASSISTANCE IN THE FUTURE.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED STATEMENT, AND I LOOK FORWARD TO RESPONDING TO THE SUBCOMMITTEE'S QUESTIONS. SHULTZ

END OF MESSAGE

UNCLASSIFIED

UNCLASSIFIED